



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

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B-206277

MARCH 27, 1985

To the President of the Senate and the
Speaker of the House of Representatives

Subject: Examination of the Office of the Attending
Physician Revolving Fund's Financial State-
ments for the Fiscal Years Ended Septem-
ber 30, 1984 and 1983 (GAO/AFMD-85-32)

Pursuant to the Legislative Branch Appropriation Act of 1976, we have examined the balance sheets of the Office of the Attending Physician Revolving Fund as of September 30, 1984 and 1983, and the related statements of operations and government equity and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Office of the Attending Physician Revolving Fund as of September 30, 1984 and 1983, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 2 to the financial statements applied on a consistent basis.

Enclosure I contains our report on internal accounting controls and compliance with laws and regulations. Enclosures II through V present the Fund's financial statements and accompanying notes to the financial statements for the years ended September 30, 1984 and 1983.

As required by the Legislative Branch Appropriation Act of 1976, we are sending copies of this report to the Subcommittee on Legislative Branch, Senate Committee on Appropriations; the Subcommittee on Legislative Branch, House Committee on Appropriations; the House Committee on Government Operations; the Senate Committee on Governmental Affairs; and the Clerk of the House of Representatives.



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for Henry Eschwege
Comptroller General
of the United States

Enclosures

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REPORT ON INTERNAL ACCOUNTING CONTROLS
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Office of the Attending Physician Revolving Fund for the years ended September 30, 1984 and 1983. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the year ended September 30, 1984.

We did not complete a study or evaluation of the Fund's internal control system for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Fund's financial statements. We concluded that it was more practicable to expand our substantive audit tests in examining the financial statements for the year ended September 30, 1984.

While we did not make an examination of the Fund's internal control system, we did not become aware of any condition during our expanded audit tests which we believe to be a material weakness. In audits where we do make an examination of the internal control system, material weaknesses in the internal control system would not necessarily be disclosed. Accordingly, even in such cases we would not be able to express an opinion on the system taken as a whole.

As part of our examination, we also tested the Fund's compliance with applicable laws and regulations. In our opinion, the Office of the Attending Physician Revolving Fund complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Fund was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
BALANCE SHEET

	September 30,	
	1984	1983
<u>ASSETS</u>		
Cash	\$3,176	\$3,621
Inventories (note 2)	<u>1,383</u>	<u>1,530</u>
Total assets	<u>\$4,559</u>	<u>\$5,151</u>
<u>LIABILITIES AND GOVERNMENT EQUITY</u>		
Accounts payable	<u>\$3,029</u>	<u>\$3,244</u>
Government equity, beginning of year	1,907	1,410
Transferred to U.S. Treasury (note 2)	(1,441)	(944)
Net income for year, reserved for transfer to U.S. Treasury (note 2)	<u>1,064</u>	<u>1,441</u>
Government equity, end of year	<u>1,530</u>	<u>1,907</u>
Total liabilities and Government equity	<u>\$4,559</u>	<u>\$5,151</u>

The notes in enclosure V are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
STATEMENT OF OPERATIONS

	<u>Years ended September 30,</u>	
	<u>1984</u>	<u>1983</u>
REVENUE		
Sales and services (note 3)	\$39,971	\$41,775
COSTS		
Cost of sales	<u>38,907</u>	<u>40,334</u>
NET INCOME	<u>\$ 1,064</u>	<u>\$ 1,441</u>

The notes in enclosure V are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION

	<u>Years ended September 30,</u>	
	<u>1984</u>	<u>1983</u>
FUNDS PROVIDED:		
Net income from operations	\$1,064	\$1,441
Increase in accounts payable	-	977
Decrease in accounts receivable	-	187
Decrease in inventory	<u>147</u>	<u>-</u>
Total funds provided	<u>1,211</u>	<u>2,605</u>
FUNDS APPLIED:		
Increase in inventory	-	246
Decrease in accounts payable	215	-
Transfer to U.S. Treasury	<u>1,441</u>	<u>944</u>
Total funds applied	<u>1,656</u>	<u>1,190</u>
Increase (decrease) in cash	<u>\$ (445)</u>	<u>\$1,415</u>

The notes in enclosure V are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
NOTES TO FINANCIAL STATEMENTS
FISCAL YEARS ENDED SEPTEMBER 30, 1984 AND 1983

Note 1. Revolving Fund Authority

The Office of the Attending Physician was established in 1928 to serve the medical needs of the Members of Congress. The 1976 Legislative Branch Appropriation Act established the Office of the Attending Physician Revolving Fund--effective August 1, 1975. In accordance with the provisions of the act, the balance of \$466 in the superseded Office of the Attending Physician suspense account was used to establish the government's equity in the Fund.

The purpose of the revolving fund is to account for the receipts and disbursements for (1) the purchase and sale of prescription drugs and (2) miscellaneous services provided by the Office of the Attending Physician. Other activities of the Office are financed through appropriated funds and are not related to the activities of the revolving fund.

Note 2. Significant Accounting Policies

Inventories consist of filled prescriptions not picked up by customers (valued at cost) and vaccines on hand. Vaccines are valued at cost, using the first-in, first-out method of valuation.

All sales of drugs and services are for cash.

After restoring any impairment of capital, the Legislative Branch Appropriation Act of 1976 requires that the Fund's net income be transferred to the U.S. Treasury's general fund. The amount to be transferred in 1985, representing the Fund's 1984 net income, is \$1,064.

Note 3. Revolving Fund Activities

Prescription drugs

The purchase and resale of prescription drugs make up the majority of the Fund's receipts and disbursements. When requested, the Office purchases drugs at wholesale and resells them to Members' families and to congressional employees. The price charged is based upon the unit cost of the drug rounded upward to the nearest nickel. The Office receives a 2 percent cash discount from its wholesaler for prompt payment. In fiscal year 1984, the prescription drug sales were \$37,862 and the net income was \$723.

Immunizations and malaria pills

At the direction of the Attending Physician, the Office provided free malaria pills and gamma globulin, polio, and influenza immunizations to Members and officials of the Congress. Also, the Office sold malaria pills and provided gamma globulin, polio, and influenza immunizations, at fees of from \$1 to \$2.25, to other congressional employees. Receipts from these activities in fiscal year 1984 were \$1,636 and net loss was \$132. The loss was due to the sale of malaria pills at less than cost. After the close of the year, the selling price of malaria pills was increased to provide for full recovery of cost.

Life insurance services

The Office furnishes medical transcripts and performs physical examinations for life insurance applicants. Payments of \$473 were received from life insurance companies for these services and deposited in the Revolving Fund during the fiscal year.